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INSTRUMENT PREPARED BY VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS:	Coal Creek Coal Company Mary A. Huffman James W. Huffman Jacob H. Huffman, III A & R Holdings, Inc.))))	DOCKET NO. 04-0120-1248-01
RELIEF SOUGHT:	Issuance of an Amended Supplemental Order Amending Prior Orders Affecting Drilling Unit AW-135 Located in the Middle Ridge Coalbed Methane Gas Field, Tazewell County, VA (herein "Subject Drilling Unit" to Provide: (1) Calculation of Funds Unit Operator Deposited into the Escrow Account for Subject Drilling Unit by Tract Subaccounts; (2) to Applicants, a Royalty Accounting; and (3) Disbursement to Applicants in Accordance with Their Ownership Interests Those Funds Deposited by the Unit Operator into Subject Drilling Unit's Escrow Subaccount for VGOB Tract 3A))	

REPORT OF THE BOARD

FINDINGS AND ORDER

- 1. <u>Hearing Date and Place</u>: This matter came on for hearings before the Virginia Gas and Oil Board (herein "Board") on July 17, 2007 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, VA.
- 2. <u>Appearances</u>: Mark Swartz, Esq. of the firm Swartz and Stump L.C. appeared for the Unit Operator; and Sharon M. B. Pigeon, Assistant Attorney General, was present to advise the Board.
- 3. **Jurisdiction and Notice:** Pursuant to Va. Code §§ 45.1-361.1 *et seq.*, and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract subaccounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract subaccounts. The Board finds that: (1) while it does not have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it does not have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, the Board does have jurisdiction and authority to disburse funds from the Escrow Account provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein.

4. **Prior Proceedings**:

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- 4.1. On September 21, 2004, the Board executed its order pooling all interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code §§ 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Tazewell County on September 23, 2004 in Deed Book 922 at page 489. The Board designated CNX Gas Company, L.L.C. as the Unit Operator of the Subject Drilling Unit. The Pooling Order was amended and supplemented by the Board's Supplemental Order Regarding Elections executed on March 8, 2005 that was filed with the Clerk's Office on March 14, 2005 in Deed Book 935 at page 46 ("Supplemental Order"). (hereafter the Pooling Order and the Supplemental Orders are collectively referred to as the Pooling Order).
- 4.2. To the extent claims to the Gas were in conflict, pursuant to Va. Code § 45.1-361-22 payments attributable to said conflicting claims/interests were ordered deposited by the Unit Operator into the escrow account established by the Pooling Order (herein "Escrow Account"). According to the Pooling Orders, the coal fee ownership of Harrison-Wyatt, L.L.C. and the oil and gas fee ownership of Mary A. Huffman, James W. Huffman, Jacob H. Huffman, III, and A & R Holdings, Inc or their predecessors in title in a 12.42-acres tract known as VGOB Tract 3A in Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3. The Unit Operator's Miscellaneous Petition to the Board, received June 15, 2007, a copy of which is attached to and made a part hereof, and sworn testimony attested that Coal Creek Coal Company and Mary A. Huffman, James W. Huffman, Jacob H. Huffman, III, and A & R Holdings, Inc. have entered into a royalty split agreement and that by terms of that agreement, escrow regarding the conflicting claims of said parties is no longer required. By sworn testimony, the Unit Operator notified the Board that VGOB Tract 3A of the Subject Drilling Unit and the interests of Coal Creek Coal Company and Mary A. Huffman, James W. Huffman, Jacob H. Huffman, III, and A & R Holdings, Inc. are subject to the split agreement.
- 4.4. Petitioner gave notice to Coal Creek Coal Company and Mary A. Huffman, James W. Huffman, Jacob H. Huffman, III, and A & R Holdings, Inc. that the Board would take the petition referred to in Paragraph 4.3 above under consideration at its hearing. Notice stated that the Board would consider whether to: (1) amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract 3A; (2) delete the requirement that the Unit Operator place future royalties attributable to the above-named parties in Tract 3A in the Escrow Account, and (3) continue the escrow account under this docket number because parties other than those seeking disbursement under this order are subject to escrow.
- 4.5. The Unit Operator filed the attached accountings for Subject Drilling Unit's Escrow Account with the Board ("Accountings").

5. Findings:

5.1. Va. Code 45.1-361.22.5 provides:

The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.

5.2 The Petitioner has certified and represented to the Board that:

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- (1) Coal Creek Coal Company is the owner of 100% of the coal estate underlying VGOB Tract 3A of the subject Drilling Unit.
- (2) Mary A. Huffman is the owner of 1/3 of the oil and gas estate underlying VGOB Tract 3A of the subject Drilling Unit.
- (3) James W. Huffman is the owner of 2/9 of the oil and gas estate underlying VGOB Tract 3A of the subject Drilling Unit.
- (4) Jacob H. Huffman, III is the owner of 2/9 of the oil and gas estate underlying VGOB Tract 3A of the subject Drilling Unit.
- (5) A & R holdings, Inc. is the owner of 2/9 of the oil and gas estate underlying VGOB Tract 3A of the subject Drilling Unit.
- (6) Coal Creek Coal Company and Mary A. Huffman, James W. Huffman, Jacob H. Huffman, III, and A & R Holdings, Inc. have entered into royalty split agreements specifying that escrowed funds attributable to their conflicting interests are to be divided with 75% going to the gas owner and 25% going to the coal owner, and also specifying that future royalties be paid directly to the owners according to the split agreement.
- (7) The net interests attributable and to be disbursed to Coal Creek Coal Company and Mary A. Huffman, James W. Huffman, Jacob H. Huffman, III, and A & R Holdings, Inc. in Tract 3A are shown in Table 1, below.

Т	ABLE-1
Tract # 3A	% interest in VGOB 04-0120-1248
Owner Names	balance
Coal Creek Coal Company (50%) P. O. Box 323	9.6071%
Tazewell, VA 24651	
Mary A. Huffman (1/3 of 50%) P. O. Box 926	9.6071%
Richlands, VA 24641	
Jacob H. Huffman, III (2/9 of 50%) 55 Summit Way, SW	6.4047%
Roanoke, VA 24014	
James W. Huffman (2/9 of 50%) C/O Mary A. Huffman P. O. Box 926	6.4047%
Richlands, VA 24641	
A & R Holdings, Inc. (2/9 of 50%) 111 Monte Vista Dr.	6.4047%
Glade Springs, VA 24340	

Relief Granted:

For the reasons set forth in Paragraphs 4 and 5 above, and based upon the Accounting, the Escrow Agent is ordered to, within 10 days of receipt of this executed order: (1) Disburse escrowed funds attributable to VGOB Tract 3A to Coal Creek Coal Company and Mary A. Huffman, James W. Huffman, Jacob H. Huffman, III, and A & R Holdings, Inc. according to the percentages shown in Table 1, above, and mail attributable proceeds to the addresses shown in the table.

Exhibits to the Pooling Order, showing owners subject to escrow, are deleted in toto and replaced with the Exhibit E attached to the petition. Further, the Supplemental Order filed in this cause is hereby modified to

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delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of Coal Creek Coal Company and Mary A. Huffman, James W. Huffman, Jacob H. Huffman, III, and A & R Holdings, Inc. in Tract 3A be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

7. Conclusion:

Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and IT IS SO ORDERED.

8. Appeals:

Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

Effective Date: This Order shall be effective on the date of its execution. DONE AND EXECUTED this 18th day of 2007, by a majority of the Virginia Gas and Oil Board. 2007, by an Order of this Board. DONE AND PERFORMED this Principal Executive to the Staff Virginia Gas and Oil Board COMMONWEALTH OF VIRGINIA COUNTY OF WISE washing ten 2007, personally before me a notary public in and for _ day of/ Acknowledged on this _ the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so. Notary Public My Commission expires: COMMONWEALTH OF VIRGINIA **COUNTY OF WASHINGTON** Acknowledged on this 18 day of October, 2007, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so. Diane J. Davis Notary Public My commission expires 9 B

Exhibit A

Account Balances as of 4/30/07

Account Balances as of 4/30/07

Unit AW-135 VGOB 04-0120-1248-01 Acres Escrowed: 32.32

Owners	Tract #	Acres	Total Tract Percent of Escrow	Fractional Interest	Owners' Percent of Escrow	Amount Due Owners \$24,434.41
					26.4851%	\$6,471.49
	2	17.12	52.9703%		26.4851%	\$6,471.49
Coal Creek Coal Company					9.6071%	\$2,347.43
Mary A. Huffman, et al.	3a	12.42	38.4282%		28.8212%	
Mary A. Huffman				1/3	9.6071%	\$2,347.43
James W. Huffman				2/9	6.4047%	\$1,564.95
Jacob & Dana Huffman, III				2/9	6.4047%	\$1,564.95
A & R Holdings, Inc.		121		2/9	6.4047%	\$1,564.95
7,01,1,000,195					-	
					4.3007%	\$1,050.86
	3b	2.78	8.6015 <u>%</u>		4.3007%	\$1,050.86

Information presented here is for reference use only, CNX is not responsible for determinations made using the data represented here.

This information is for estimation purposes only.

BEFORE THE VIRGINIA GAS AND OIL BOARD

EX 10 14 PG 0 1 2 2

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL DOCKET NO: VGOB 04-0120-1248-01

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 3A

(2) AND AUTHORIZATION FOR DIRECT

PAYMENT OF ROYALTIES

DRILLING UNIT: AW-135

TAZEWELL COUNTY, VIRGINIA

HEARING DATE: July 17, 2007

MISCELLANEOUS PETITION

- 1. <u>Petitioner and its counsel:</u> Petitioner is **CNX Gas Company LLC**, 2481 John Nash Blvd., Bluefield, West Virginia 24701, 304/323-6500. Petitioner's counsel is Mark A. Swartz, **SWARTZ LAW OFFICES, PLLC**, P.O. Box 517, Abingdon, VA 24212.
- 2. Relief sought: (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to Tract(s) 3A as depicted upon the Exhibit A; and (2) authorization to begin paying royalties directly to the parties to the royalty split between Coal Creek Coal Company and Mary A. Huffman; Coal Creek Coal Company and James W. Huffman; Coal Creek Coal Company and Jacob H. Huffman, III; and Coal Creek Coal Company and A & R Holdings, Inc..
- 3. Legal Authority: Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.
 - 4. **Type of well(s):** Coalbed methane.
- 5. **Factual basis for relief requested:** Coal Creek Coal Company and Mary A. Huffman; Coal Creek Coal Company and James W. Huffman; Coal Creek Coal Company and Jacob H. Huffman, III; and Coal Creek Coal Company and A & R Holdings, Inc., have entered into a royalty split agreement. Said royalty split agreement allows the Applicant and Designated Operator to pay royalties directly to the persons identified in Exhibit EE annexed hereto.
- 6. Attestation: The foregoing Petition to the best of my knowledge, information, and belief is true and correct.

CNX GAS COMPANY LLC

BY IT'S PROFESSIONAL MANAGER CNX GAS COMPANY LLC, PETITIONER

Manager - Environmental Permitting

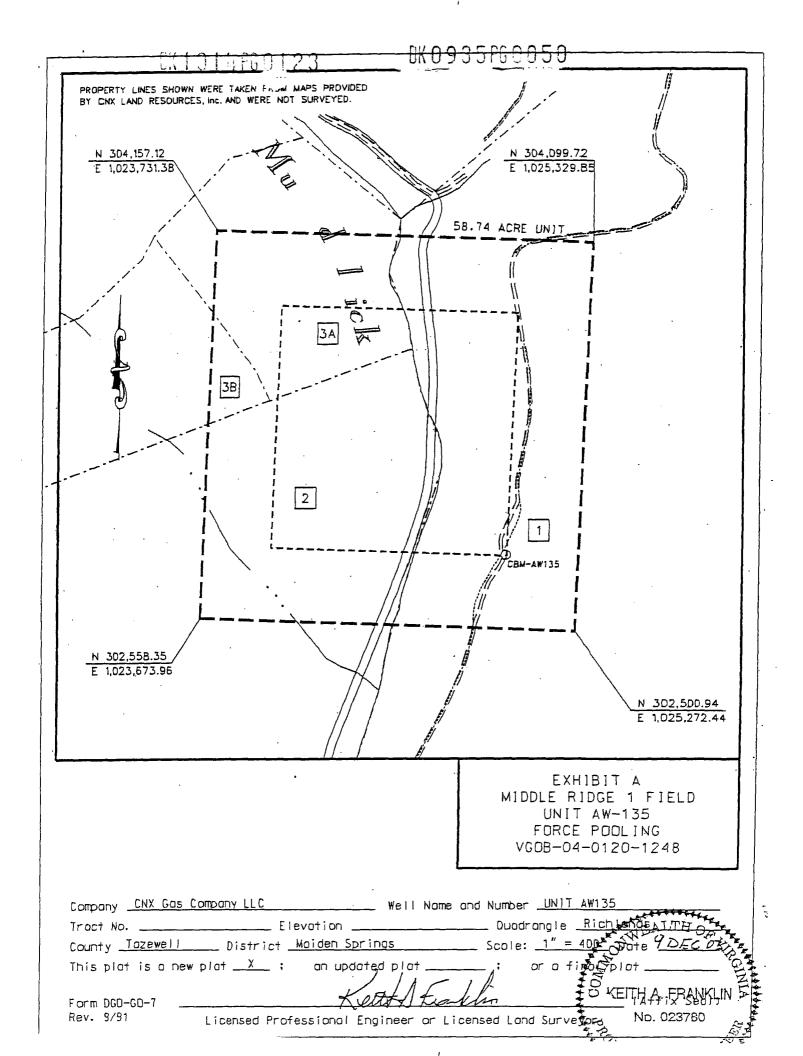
CNX Gas Company LLC 2481 John Nash Blvd.

Leslie K. Arrington

Bluefield, West Virginia 24701

304/323-6500





CNX Gas Company LLC Unit AW-135

Tract Identifications (58.74 Acre Unit)

1. Reserve Coal Properties Company (Harman-Huffman 1,031.53 Acre Tract) - Tiller and Above Coal Seams

Mary A. Huffman, et al (13/60), Reserve Coal Properties Company (47/60) (Harman-Huffman 1,031.53 Acre Tract) - Coal Below Tiller Seam Except P-3 Seam

CNX Gas Company LLC - CBM Leased

Mary A Huffman, et al (13/60), James W. Harman, Jr., et al. (47/60) (Harman-Huffman 1,031.53 Acre Tract) - P-3 Seam

CNX Gas Company LLC – All Minerals except Coal Reserve Coal Properties Company – Surface

(Tax Map 85 Parcel 18)

26.42 acres

44.9779%

- Coal Creek Coal Company Tr. 3 (Robert D. Smith 620 Acre Tract) Coal Reserve Coal Properties Company – All Coal Leased Knox Creek Coal Company – Tiller Seam Sublessee CNX Gas Company LLC – Oil, Gas and CBM Leased Emma Jean Vance – Surface and All Minerals except Coal (Tax Map 85 Parcel 39)
 17.12 acres 29.1454%
- 3A. Coal Creek Coal Company Tr. 1 (Alex P. McGlothlin 180 Acre Tract) Coal Reserve Coal Properties Company All Coal Leased Knox Creek Coal Company Tiller Seam Sublessee CNX Gas Company LLC CBM Leased Mary A. Huffman, et al Surface and All Minerals except Coal CNX Gas Company LLC Oil, Gas and CBM Leased (Tax Map 85 Parcel 39)

 12.42 acres 21.1440%
- 3B. Coal Creek Coal Company Tr. 1 (Alex P. McGlothlin 180 Acre Tract) Coal Reserve Coal Properties Company All Coal Leased Knox Creek Coal Company Tiller Seam Sublessee CNX Gas Company LLC CBM Leased Goldie M. Smith Miller, et al Surface and All Minerals except Coal (Tax Map 85 Parcel 19)

 2.78 acres 4.7327%

EX1014PG0125

Exhibit E Unit AW-135

Docket #VGOB 04-0120-1248

List of Conflicting Owners/Claimants that require escrow (58.74 Acre Unit)

		Acres in Unit	Interest in Unit
Tract #2, 17.	12 acres		
COAL	FEE OWNERSHIP		
(1)	Coal Creek Coal Company, Tr.3 P.O. Box 323 Tazewell, VA 24651	17.12 acres	29.1454%
OIL 8	GAS FEE OWNERSHIP		
(1)	Emma Jean Vance c/o Kenneth Anders P.O. Box 558 Doran, VA 24612	17.12 acres	29.1454%
Tract #3B, 2.	78 acres		
Escro	w due to title conflict		
COAL	FEE OWNERSHIP		
(1)	Coal Creek Coal Company, Tr.1 P.O. Box 323 Tazewell, VA 24651	2.78 acres	4.7327%
OIL 8	GAS FEE OWNERSHIP		
(1)	Goldie Miller, et al.	2.78 acres	4.7327%
(a)	Goldie Miller 152 Fawn Drive Raven, VA 24639	2.09 acres 3/4 of 2.78 acres	3.5495%
(b)	Betty Osborne P.O. Box 1082 Raven, VA 24639	0.17 acres 1/16 of 2.78 acres	0.2958%
(c)	Louvonna Davis P.O. Box 957 Raven, VA 24639	0.17 acres 1/16 of 2.78 acres	0.2958%
(d)	Charlotte Osborne P.O. Box 276 Pounding Mill, VA 24637	0.17 acres 1/16 of 2.78 acres	0.2958%
(e)	Don Cox 2816 Red Root Ridge Road Raven, VA 24639	0.04 acres 1/64 of 2.78 acres	0.0739%
(f)	Donald W. Cox 21 Hartford Road Audbon, NJ 08106	0.04 acres 1/64 of 2.78 acres	0.0739%

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Exhibit E Unit AW-135

Docket #VGOB 04-0120-1248

List of Conflicting Owners/Claimants that require escrow (58.74 Acre Unit)

(4)		Acres in Unit	interest in Unit
	(g) Deidre Smith	0.04 acres	0.0739%
	633 Knox Chapel Road	1/64 of 2.78 acres	
	Social Circle, GA 30279		
	(h) Dinah Shelton	0.04 acres	0.0739%
	115 Bobcat Lane	1/64 of 2.78 acres	
	Raven, VA 24639		
	- OR -		
	(1) W.H. Copley	2.78 acres	4.7327%
	Heirs / Addresses Unknown		

MID HIFGO Exhibit EE Unit AW-136

Docket #VGOB 04-0120-1248

List of Conflicting Owners/Claimants with Royalty Split Agreements (58.74 Acre Unit)

		Acres in Unit	Interest in Unit	Percent of Escrow
Tract #1, 26.	42 acres			
COAL	. FEE OWNERSHIP			
(1)	Mary A. Huffman, et al.	26.42 acres	44.9779%	n/a
(Coal	below Tiller Seam exc. P3)			
		1 43	2 42620/	
(a)	Mary A. Huffman P. O. Box 926	1.43 acres 13/240 of 26.42 acres	2.4363%	
	Richlands, VA 24641			
(b)	James W. Huffman	1.43 acres	2.4363%	
	c/o Mary A. Huffman	13/240 of 26.42 acres		
	P. O. Box 926 Richlands, VA 24641			
(=)	·	4.40	0.400004	
(C)	Jacob H. & Dana Huffman, III P.O. Box 9	1.43 acres 13/240 of 26.42 acres	2.4363%	
	McGuady, KY 40153	10/240 01 20.42 00163		
(d)	A & R Holdings, Inc.	1.43 acres	2,4363%	
	111 Monte Vista Drive	13/240 of 26.42 acres		
	Glade Springs, VA 24340			
(2)	Reserve Coal Properties	20.70 acres	35.2327%	
	P. O. Box 947	47/60 of 26.42 acres		
	Bluefield, VA 24605			
(P3 Se	eam Only)			
(1)	Mary A. Huffman & James W. Harman, Jr., et al	26.42 acres	44.9779%	n/a
	(Harman-Huffman Heirs 1,031.53 ac. tract)			
(a)	James W. Harman Jr.	2.96 acres	5.0332%	
	c/o Diana Coulthard, Trust Officer	47/420 of 26.42 acres		
	First Community Bank P.O. Box 950			
	Bluefield, WV 24701			
(b)	S. Laird Harman	2.96 acres	5.0332%	
	233 Grace Lane NE	47/420 of 26.42 acres		
	Riner, VA 24149			
(c)	Bettie H. St Clair	2.96 acres	5.0332%	
	104 Dial Rock Road	47/420 of 26.42 acres		
	North Tazewell, VA 24630			
(d)	The Estate of Minnie E. Harman, Inc.	2.96 acres	5.0332%	
	P.O. Box 323 Tazewell, VA 24651	47/420 of 26.42 acres		
	·			
	Evelyn H. Harman 1924 Glenwood Park Road	2.96 acres	5.0332%	
	Princeton, WV 24740	47/420 of 26.42 acres		
(f)	James W. Harman, III	2.96 acres	5.0332%	
	Rt.3 Box 803	47/420 of 26.42 acres		
	Tazewell, VA 24651			

		Acres in Unit	Interest in Unit	Percent of Escrow
(g)	Jonathan H. Harman 2727 Mountain View Avenue Bluefield, WV 24701	2.96 acres 47/420 of 26.42 acres	5.0332%	
(h)	Mary A. Huffman P. O. Box 926 Richlands, VA 24641	1.43 acres 13/240 of 26.42 acres	2.4363%	
(i)	James W. Huffman c/o Mary A. Huffman P. O. Box 926 Richlands, VA 24641	1.43 acres 13/240 of 26.42 acres	2.4363%	
(i)	Jacob H. & Dana Huffman, III P.O. Box 9 McGuady, KY 40153	1.43 acres 13/240 of 26.42 acres	2.4363% PECORDED	STRUMENT IN THE S
	A & R Holdings, Inc. 111 Monte Vista Drive Glade Springs, VA 24340	1.43 acres 13/240 of 26.42 acres	2 ;4363% E	
	CNX Gas Company LLC P. O. Box 947 Bluefield, VA 24605	26.42 acres	44.9779%	n/a
3A, 12	2 <u>.42 acres</u>			
COAL	FEE OWNERSHIP			
(1)	Coal Creek Coal Company, Tr.1 P.O. Box 323 Tazewell, VA 24651	12.42 acres	21.1440%	19.2141%
OIL &	GAS FEE OWNERSHIP			
(1)	Mary A. Huffman, et al. (30 Acre Tract)	12.42 acres	21.1440%	19.2141%
(h)	Mary A. Huffman P. O. Box 926 Richlands, VA 24641	4.14 acres 1/3 of 12.42 acres	7.0480%	6.4047%
(i)	James W. Huffman c/o Mary A. Huffman P. O. Box 926 Richlands, VA 24641	2.76 acres 2/9 of 12.42 acres	4.6987%	4.2698%
(j)	Jacob H. & Dana Huffman, III P.O. Box 9 McGuady, KY 40153	2.76 acres 2/9 of 12.42 acres	4.6987%	4.2698%
(k)	A & R Holdings, Inc. 111 Monte Vista Drive Glade Springs, VA 24340	2.76 acres 2/9 of 12.42 acres	4.6987%	4.2698%